FBIS DAILY REPORT

CONTENTS

Eastern Europe

Vol II No 228 26 November 1986

BULGARIA

Involvement in Turkish Consulate Attack Denied C 1
Dyulgerov Receives PRC Trade Union Delegation C 1
BCP Daily Reviews Recent Moscow CEMA Meeting C 1
[RABOTNICHESKO DELO 16 Nov]
Repairs at Devnya Chemical Plant Proceeding C 2
SEW Delegation, Horst Schmitt Depart 21 Nov C 2

CZECHOSLOVAKIA

Haman Discusses Winter Energy Preparations D 1
[RUDE PRAVO 20 Nov]
Strougal Chairs Joint Government-Union Session D 4
Hoffman Addresses Council D 5

GERMAN DEMOCRATIC REPUBLIC

Radio Details Annual Development Aid E 1
Commentary Calls for Disarmament Conference E 1
Briefs: New Ambassador to Indonesia E 2

HUNGARY

Iranian Arms Deal Seen as U.S. Policy Crisis F 1
[Kereszty in NEPSZABADSAG 21 Nov]
MSZMP CC Resolution on Economic Activity F 8
[NEPSZABADSAG 22 Nov]
TU Council Meets, Discusses Upcoming Tasks F 15

POLAND

Wozniak Addresses Government Economic Commission G 1
[Markusz Szymanski in TRYBUNA LUDU 20 Nov]

ROMANIA

Presidents Ceausescu, Hasani Speak at Dinner H 1
Hasani Toasts Ceausescu H 2
[SCINTEIA 21 Nov]
Joint Communique on SRFY President's Visit H 4
RCP Political Body Discusses Referendum H 8

YUGOSLAVIA

Army Delegation Conducts Talks in Greece I 1
Finance Secretary Holds Economic Talks in U.S. I 1
Federal Chamber Adopts 1987 Federal Budget I 2
Serbian Meeting Discusses Political Situation I 2

INVOLVEMENT IN TURKISH CONSULATE ATTACK DENIED

AU251801 Sofia BTA in English 1629 GMT 25 Nov 86

["BTA Announcement" -- BTA headline]

[Text] Sofia, November 25 (BTA) -- On November 23, 1986, UPI and FRANCE PRESSE transmitted the news of a bomb attack on the building of the Consular Representation of Turkey in Melbourne, the responsibility for which has been taken by a "Greek-Bulgarian-Armenian front". The attack had allegedly been carried out in protest over the policy of genocide and violence in Turkey.

BTA categorically denounces all allegations about any Bulgarian involvement in this inhuman act and regards them as new and deliberately fabricated anti-Bulgarian slanders and speculations. The international public is well aware of the fact that the People's Republic of Bulgaria is opposed to and fights actively against terrorism in all its forms and manifestations. BTA hopes that the competent authorities in the Commonwealth of Australia will find out and punish those responsible for this crime.

DYULGEROV RECEIVES PRC TRADE UNION DELEGATION

AU221529 Sofia BTA in English 1946 GMT 21 Nov 86

[Text] Sofia, November 21 (BTA) -- Mr. Petur Dyulgerov, alternate-member of the Politburo of the CC of the BCP and chairman of the Central Council of the Bulgarian Trade Unions, received the visiting here [as received] delegation of the All China Federation of Trade Unions led by Mr. Wang Shenxiang, secretary and member of the Presidium of the Federation.

The two sides expressed desire for widening of the contacts and cooperation between the two trade unions. They stressed their joint desire for further widening of the relations, for exchange of delegations and working groups, for exchange of information and experience.

The Chinese TU figures expressed their satisfaction with the opportunity to have a closer look at the social and economic development of Bulgaria, to be familiarized with the activity and experience of the Bulgarian trade unions.

BCP DAILY REVIEWS RECENT MOSCOW CEMA SESSION

AU260914 Sofia RABOTNICHESKO DELO in Bulgarian 16 Nov 86 p 1

[Editorial: "Unity of Action of a New Qualitative Level"]

[Excerpts] We end this week with a remarkable political event: A regular meeting of the leaders of the fraternal parties of the CEMA member states took place in Moscow on 11 and 12 November. Together with the 42d session of CEMA, which took place earlier in Bucharest, the Moscow summit again focused the world's attention on the issue of the comprehensive progress of the socialist world and on the ever more active cooperation and integration of the socialist countries.

The summits already have a solid tradition of being the supreme organs and centers for forecasting, planning, and directing the political, socioeconomic, and intellectual cooperation of the states participating in the economic organization of the socialist community. [Passage omitted surveying the economic successed of the CEMA member-states in recent years.]

It is obvious that while deversified national conditions do exist, the socialist countries nevertheless are solving common tasks. The main one is to accelerate their socioeconomic development by intersifying social production and generally increasing efficiency through the application of the scientific-technical progress. [Passage omitted quoting the BCP Central Committee Politburo decision appproving the results of the Moscow ssummit.]

One of the most significant orders of the 13th BCP Congress refers to the new qualitative growth of the economy. The work aimed at acceleration and modernization, and achieving a new state of society also characterizes the efforts of the other fraternal parties. The solution of this common problem of the socialist community can only be achieved through collective actions and ever more effective economic integration. The socialist countries are now devoting their main attention to implementing a large-scale scientific production-sharing on the basis of the comprehensive Program for the Scientific-Technical Progress of the CEMA Member-States Until the Year 2000. The issues related to the pace, scope, and scale of specialization and production-sharing on a multilateral basis, the economical utilization of material resources as a reserve for successfully solving the raw material-energy problem; the complex solution of transportation problems; and the long-term development of nuclear power supply, acquire paramount importance in this context.

Evaluating the results of the Moscow summit the BCP Central Committee Politburo unanimously approved the analysis and proposals made at the summit by Comrade Todor Zhivkov related to further developing and perfecting comprehensive cooperation within the CEMA framework and to the present international situation. On this occasion the Bulgarian communists and our entire people warmly approve the USSR position at the Reykjavik meeting, which represented an impressive expression of the rescuing program of the socialist world for peace and security on our planet.

Our fraternal parties, countries, and peoples are entering a historical stage, at which our mutual relations are being elevated to a new qualitative level. Our firm unity, cohesion, and unity of action in the name of the noble communist ideals are a guarantee of our successes now, as in previous years.

REPAIRS AT DEVNYA CHEMICAL PLANT PROCEEDING

AU221937 Sofia Domestic Service in Bulgarian 1830 GMT 22 Nov 86

[Text] The restoration work at the Devnya Chlorine and Polyvinyl Chloride-2 Plant are proceeding at an accelerated rate. Most of the roads and buildings have already been cleared, dozens of panels have been replaced, and thousands of square meters of glass have been set in place. The chemists and workers engaged in the repairs are on 24-hour duty. The aim is to recommence production of chlorine, caustic soda, and hydrochloric acid at the end of this month.

In Devnya and all the territorial systems of Varna Okrug, the labor collectives are taking on additional premises for fulfillment of the annual plan in order to make up for the losses due to the production accident.

SEW DELEGATION HORST SCHMITT DEPART 21 NOV

AU221534 Sofia Domestic Service in Bulgarian 2030 GMT 21 Nov 86

[Text] The SEW delegation, headed by Horst Schmitt, SEW chairman, departed from our country today. At Sofia airport the guests were seen off by Comrades Milko Balev and Dimitur Stanishev, as well as by other officials.

HAMAN DISCUSSES WINTER ENERGY PREPARATIONS

AU240830 Prague RUDE PRAVO in Czech 20 Nov 86 pp 1, 2

[Interview given by Josef Haman, candidate member of the Presidium and secretary of the CPCZ Central Committee, to RUDE PRAVO and Bratislava PRAVDA: "Nothing Must Be Neglected in Preparations for the Winter" -- date and place of interview not given; opening paragraph is newspaper's introduction]

[Excerpts] At the beginning of November the CPCZ Central Committee Presidium and the CSSR Government discussed a review of the state of preparedness of the national economy in terms of fuels and power for the coming winter season. Comrade Josef Haman, candidate member of the Presidium and secretary of the CPCZ Central Committee, has granted the editorial offices of RUDE PRAVO and PRAVDA an interview on this topical issue, which is of interest to the work collectives of virtually all industrial and other manufacturing branches, but also to some sectors of the nonproduction sphere and to many Czechoslovak citizens.

[RUDE PRAVO, PRAVDA] Comrade secretary, how would you appraise the general state of preparedness for the coming winter in fuels and power?

[Haman] One can say that, generally speaking, individual minstries, their economic production units and enterprises, as well as national committees have been paying considerabe attention to preparations for the coming winter season and continue to do so. [passage omitted]

However, aside from this positive assessment of work carried out thus far, the CPCZ Central Committee Presidium stressed that under the impact of the until now regular supplies of fuels and electricity we must not overestimate anywhere the results that have been attained and must not permit any manifestations of carelessness and self-satisfaction with the state of preparations for the winter and underestimate the tasks that are ahead of us. [passage omitted]

The regular assessment by the highest party agencies of the development and state of ensuring supplies of fuels and electricity is fully justified. It is not a question of replacing the relevant state and economic agencies and reducing their immediate responsibility for the situation in the sector entrusted to them, but a question of contributing by demanding party control at all levels of management to the timely elimination of shortcomings and to the concentration of resources on the main tasks. There is an awareness of political responsibility for ensuring that there will not be any breakdowns in the fuel-power sector for subjective reasons, breakdowns that might jeopardize the fulfillment of the tasks of the Eighth 5-Year Plan.

[RUDE PRAVE, PRAVDA] What is the nature of the new needs and changed conditions in the sphere of fuels and power?

[Haman] It is, for example, necessary to make up for the shortfall (of about .5 billion kilowatt hours) in the planned production of electricity at hydroelectric power stations, caused by the low rate of flow in our rivers. There is also a need for additional electrical exports (of roughly 1 billion kilowatt hours) in order to ensure some import needs. [paragraph continues]

As a result of the Chernobyl nuclear plant accident, there was also a temporary reduction in planned electrical imports (by about 1.2 billion kilowatt hours), for which, however, the Soviet Union, despite its uneasy situation, virtually compensated with additional deliveries of natural gas. We are also forced to resist the tendency to exceed the planned domestic consumption of electricity, natural gas, and coal, a tendency that is manifested particularly in the nonproduction sphere. All these factors account for deviations from the planned volume and structure of our fuel-power balance.

[RUDE PRAVO, PRAVDA] What factors make it possible for us to cope with these deviations while avoiding a negative impact on the regular delivery of supplies?

[Haman] It is, above all, the stabilization and consolidation in the construction of nuclear power stations in the last 2 years. This year nuclear power stations will generate 10 billion kilowatt hours of electricity more than in 1984, which is roughly a 2.5-fold increase. The third unit of the Dukovany nuclear power station is presently being prepared for a trial run. Adding it to the six already existing and reliably operating VVER-440 units will undoubtedly contribute to improving the fuel-power balance this coming winter. The generation of electricity in nuclear power stations should reach roughly 21.5 billion kilowatt hours next year, that is, 25 percent of total electricity production. [passage omitted]

Still, to ensure a balance between electrical supply and demand, steam power stations will have to produce more electricity than planned this year. Nevertheless, electrical production in steam power stations will be a full 8 percent lower than it was in 1984.

[RUDE PRAVO, PRAVDA] Does this mean that we need not worry too much about electrical supplies?

[Haman] Of course, this is not so. Electricity must be handled economically everywhere, the agreed consumption charts must be adhered to. This was incidentally also the reason for temporarily introducing the so-called "seventh regulatory degree" for large consumers at the beginning of October. Although this degree does not provide for any "cuts," it requires strict adherence to the consumption charts. [passage omitted]

To be able to cope with possible extraordinary vicissitudes, it is also necessary that our power grid be prepared for possible interruptions in parallel cooperation among the power grids of CEMA countries. Such an interruption occurred, for example, at the beginning of 1985. [passage omitted]

[RUDE PRAVO, PRAVDA] What is the situation with regard to the stocks of solid fuels, and what demands on our miners does it imply?

[Haman] The higher-than-planned electrical production in steam power stations naturally resulted in a higher coal consumption. This, in turn, partially reduced the planned level of coal stocks in some power stations before the onset of winter. [passage omitted]

In this connection, I would like once again to voice appreciation for the dedication and initiative of our miners, who have committed themselves -- as discussed on the occasion of this year's Day of Miners and Power Industry Workers -- to exceed the planned tasks in coal mining by roughly 3 million metric tons, of which about 1 million metric tons should be graded coal. Most of this increase should come from the two coal basins below the Krusne Hory mountain range. [passage omitted] This excess production establishes prerequisites for ensuring the necessary supplies of solid fuels for the upcoming winter season, although there remain considerable problems in the production of coal that lends itself to coking. [passage omitted]

[RUDE PRAVO, PRAVDA] What is the situation with regard to the supplies of graded coal and other fuel-power resources to our households?

[Haman] [At their November session] the CPCZ Central Committee Presidium and the CSSR Government placed exceptional emphasis on ensuring supplies of graded coal to the population. Although the Coal Depot enterprise has received to date 70,000 metric tons of coal more than it received by the same time last year, there continue to be shortcomings in some localities in the provision of graded coal before the onset of winter. These shortcomings must be removed rapidly and operatively. [passage omitted]

However, given the objectively declining resources of graded coal, it is unconditionally necessary to be able to meet the needs of the population in the years to come to speed up the transition of large consumers from graded coal to less valuable fuels. The provisions for this transition have been inadequate thus far. In this connection, we must subject to criticism the slow progress in the modernization of the boiler economy and in deploying modern measuring and automated regulatory equipment. The relevant machine building and electrical engineering enterprises, as well as other organizations, must respond more flexibly to these ugent needs.

In the past years we always consistently saw to it that possible difficulties and irregularities in the supplies of fuel and power resources were not dealt with at the expense of the population. We will, naturally, proceed in this way in the future as well. All the greater is the moral right of our society to demand that the households, too, make an economical use of fuels and electricity, on the production and acquisition of which we are forced to spend formidable resources must be used rationally, without any unnecessary waste.

[RUDE PRAVO, PRAVDA] Will there be enough heating gas for the needs of the national economy this winter?

[Haman] Generally, favorable conditions for the supply of heating gas in the upcoming winter season have been created in the course of the year. The underground gas reservoirs have been filled to capacity. [passage omitted]

However, this by no means rules out the possibility of having to resort to the regulation of deliveries of heating gas to large consumers in the event of longlasting severe frost (that is, if average daily temperatures drop below minus 5 to minus 7 degrees centigrade) or long-term irregularities in the routine deliveries via gas pipelines. The fact is that, for technological reasons, there is a limit on the amount of natural gas that can be pumped out of the underground reservoirs every day. All the greater is the importance of creating maximum stocks of heating oil, especially if the fuel base permits an operative replacement of natural gas in the event of regulation. [passage omitted]

In the interest of establishing better prerequisites for regular supplies in the years to come, the importance is also being reaffirmed of further expanding storage facilities for crude oil and crude oil products and underground gas reservoirs, as well as the importance of building fuel bases that permit the use of two types of fuel. It will also be necessary to work out measures that would switch at least some energy-intensive types of production from the winter months to periods of lesser consumption of natural and city gas.

[RUDE PRAVO, PRAVDA] How is the program of streamlining the consumption of fuels and power being fulfilled this year and how does the energy-intensiveness of the creation of national income develop?

[Haman] According to preliminary calculations, we can assume that the energy-intensiveness of the creation of national income might decline by about 2.8-3 percent this year, which is roughly in keeping with the task set by the 17th CPCZ Congress. The state target program No 02 is being fulfilled in principle. [passage omitted]

However, the findings of regional and district party agencies and the results of inspections carried out by the State Energy Inspectorate also confirm that a number of shortcomings and untapped potentials continue to exist in this area. [passage omitted] That is why every enterprise and organization, the housing economy, and every workplace of the production and nonproduction sphere must pay far greater attention to the question of energy conservation than has been the case thus far. Emphasis must be placed, above all, on the observance of discipline by energy users, on the introduction of order into consumption norms, and on greater initiative in applying progressive methods and experiences. [passage omitted]

STROUGAL CHAIRS JOINT GOVERNMENT-UNION SESSION

LD242341 Prague Domestic Service in Czech 1730 GMT 24 Nov 86

[Text] Chaired by Federal Premier Lubomir Strougal and Chairman of the Central Council of Trade Unions Karel Hoffmann, the joint session of the Federal Government Presidium and the Central Council of Trade Unions Secretariat was held in Prague today. Those present discussed the joint proceedings in the implementation of the conclusions of the 17th CPCZ Congress in the economic sphere, especially in the plan fulfilment this year and the tasks in 1987 and development of the initiative of the working people. They praised the results of the initiative of the Central Council of the Trade Unions and the appeal of the Prague enterprises to bring research and production closer together and spoke about the necessity of creating the conditions for deepening this movement further.

The federal minister of finances and the federal minister of labor and social affairs were charged with directing the central bodies in their ministries to ensure wider implementation of the team contract method in the eighth 5-year plan than at present.

Those present also discussed the joint proceeding of the Federal Government and the Central Council of Trade Unions in preparing the 11th All-Union Congress and in preparing the principles for amending the Labor Code. These changes are to create conditions for intensification of production and further reinforcement of work discipline.

Hoffman Addresses Council

LD252238 Prague Domestic Service in Czech 1730 GMT 25 Nov 86

[Excerpts] The 2-day 16th plenary meeting of the Central Council of Trade Unions ended in Prague today. [passage omitted]

Karel Hoffman chairman of the Central Council of Trade Unions, spoke at the end of the meeting:

[Begin Hoffmann recording] It is still true that the more we want to increase the living standard of the working people and to tackle existing problems, the more we must be interested in the creation of necessary resources; the fulfillment of the tasks of the eighth 5-year plan; the fulfillment of the 1986 plan, especially with regard to qualitative indices; and to attain a 3.5 percent increase of the national revenue. This urgently requires we more fully develop the working people's initiatives and to concentrate it on higher output and efficiency, better qualty, and better utilization of material in production.

As many of you have said here today, this also needs stimulation for workers, better work organization, order at each workplace, and better work, technological and planning discipline. This at the same time means the creation of the necessary conditions to make it possible for workers to express their views on these economic, production and working issues, and that their comments and proposals are received with greater attention and are discussed more thoroughly.

The presidium's report emphasized that results so far are not in keeping with the plan or the possibilities, and it put forward proposals on how to improve our work and how to fulfill more efficiently the economic role of trade unions. We must appeal to all trade union bodies and every individual official to make them realize their responsibility and increase their contribution to the work of the trade unions in the economic sphere.

It must be repeatedly said that without the faster advancement of the economy, and in particular the growth of national revenue, it will not be possible to continue to increase the living standard of the working people and the rest of our citizens. [end recording]

The resolution of the 16th plenary session of the Central Council of Trade Union requires that all trade union bodies and the Revolutionary Trade Union Movements primary organizations continue increasing their effort to attain the best possible results in the fulfillment of this year's plan, and make use of the time up until the 11th All-Union Congress to mobilize the working people toward the implementation of the 1987 tasks.

RADIO DETAILS ANNUAL DEVELOPMENT AID

DW270730 East Berlin Domestic Service in German 1200 GMT 23 Nov 86

[Summary] "The GDR spends about M2 billion every year on development aid," which is about 1 percent of the country's 1985 national product. The GDR cooperates actively in various UN special organizations dealing with development aid for the Third World. Besides comprehensively supporting UNICEF's measures in Asia, Africa, and Latin America by supplying medicines and vaccines to those countries, the GDR also "provides substantial aid in other fields, for example baby food, clothes, blankets, and school materials. Specially developed equipment for the alphabetization campaigns in Africa and Latin America have been supplied to 15 countries on those continents. In Sao Tome and Principe, West Africa, the GDR set up an obstetrics clinic, which has considerably contributed to lowering infant mortality. The GDR, together with the Finnish Africa Committee, is now setting up a day nursery in Angola for Namibian children living in refugee camps."

The GDR's development aid also includes the training of experts. "Since 1970, the GDR has trained 80,000 specialists from developing countries, including 20,000 university cadres." The country's participation in scientific projects such as hydrology is another important field. To that end, experts from Third World countries attend special classes at Dresden Technical University.

COMMENTARY CALLS FOR DISARMAMENT CONFERENCE

DW251350 East Berlin Domestic Service in German 1600 GMT 24 Nov 86

[Guenter Leuschner commentary]

[Text] Following the successful conclusion of the Stockholm conference, it will now have to be decided in Vienna what should be done next. A decision on a European disarmament conference would be a very concrete contribution to the central issues that the Vienna meeting could make. Another contribution could be for the 35 nations to make clear to the world that they will not permit a return to the pre-Reykjavik situation. That would constitute the European contribution to a world without nuclear weapons, which was also frequently advocated by Western politicians prior to the Vienna meeting.

Both are being thoroughly discussed, even though not as unanimously as we would have hoped. Let us take the Stockholm conference, for instance, and the assessment of those confidence-building measures that will become effective as of 1 January. Everybody talked about a big success and the most important result in years of the entire CSCE process. Nobody -- and this is important -- said that the result was not sufficient to begin Stockholm II, the disarmament stage. That is important because there should be no objection on principle to convening a European disarmament conference.

The socialist countries want such a conference, and in that second phase they want to hold parallel negotiations on further confidence-building measures, as well as on disarmament. They attach importance to participation by all 35 CSCE countries. After all, European disarmament is at stake. They are, of course, aware of the special role played by the two military blocs. They, in particular, will have to reduce their conventional forces, not -- at least at the beginning -- countries like Austria or Switzerland. That is also why we advocate contacts between NATO and the Warsaw Pact, so as to discuss the practical steps to begin the negotiations.

NATO has faced that clear concept with a great lack of clarity. First of all, the opinion-forming process in the Western alliance has not been concluded. They keep saying that they need time -- to the middle of December at least, possibly longer. Nobody disputes that differences are behind such time requirements or that difficulties have been created, in particular by the United States. SUEDDEUTSCHE ZEITUNG wrote on 4 November -- I quote: The Americans want negotiations between the two pacts. They have misgiving about alliance discipline if neutral and nonaligned countries also want to have a say. End of quote. Such a statement was indeed made by the head of the U.S. delegation, Zimmermann. It speaks for itself. At the plenary session last Thursday, Zimmermann spoke for 20 minutes about the Stockholm conference, without even once using the term disarmament. That also speaks for itself.

If the United States does not view a European disarmament conference positively, how about its allies? That is more difficult to assess, even though we can assume that countries like Greece, Denmark, Norway, and others want negotiations on disarmament in Europe. It is particularly difficult to assess the FRG position. On the one hand, Foreign Minister Genscher in an interview several weeks ago said that the decisive task of the Vienna follow-up meeting was to establish a forum for conventional disarmament negotiations. On the other hand, in his Vienna speech he toned down that statement somewhat.

Whether the fact that FRG generals like Mack and Altenburg have distanced themselves from the reduction of all intermediate-range missiles agreed upon in Reykjavik will also have an effect on Vienna, and whether it is a isolated act by the military or means that the Bonn government is moving away from earlier positions, as suspected by the SPD, for instance -- while all that is not for the moment clear to observers here, it also is not ruled out.

That state of affairs within NATO has also led to uncertainties among the neutral and nonaligned countries. It is certainly not by coincidence that Austria's ambassador (Torowski) has called upon the NATO countries to settle their differences quickly. He has done so because most of the neutral and nonaligned countries advocated a European disarmament conference, whereas Switzerland, for example, traditionally orients its position toward NATO's. [passage omitted]

An early yes by all 35 countries to a European disarmament conference will create clarity on the crucial issue of the Vienna meeting, have a positive effect on its whole course, and in addition counteract the attempts of some political forces to move away from Reykjavik step by step. Those who want to stick to Reykjavik have to say yes to a European disarmament conference.

BRIEFS

NEW AMBASSADOR TO INDONESIA -- On 6 October Suharto, president of the Republic of Indonesia, received Siegfried Kuehnel, ambassador extraordinary and plenipotentiary of the GDR, for the presentation of his credentials. In the talk both sides reaffirmed their states' will to actively contribute to strengthening world peace and improving the international situation. They agreed that the relations between the GDR and Indonesia will continue to develop to the benefit of both peoples. [Summary] [East Berlin NEUES DEUTSCHLAND in German 8-9 Nov 86 p 2 AU]

IRANIAN ARMS DEAL SEEN AS U.S. POLICY CRISIS

AU251311 [Editorial report] Budapest NEPSZABADSAG in Hungarian on 21 November carries two items by its Washington correspondent Andras Kereszty, which are based on U.S. press reports criticizing U.S. arms sales to Iran.

In a 270-word dispatch on page 2 entitled "Reagan Justifies Arms Supplies to Iran" on the press conference given by President Reagan on 19 November, Kereszty notes that U.S. press reports have said that President Reagan failed to convince his audience that the arms deals had not violated the law and that no decisions had been made regarding the resignation of Secretary of State Shultz. He also notes that Reagan's statements were immediately criticized by Democrat Sam Nunn, and Republican Richard Lugar.

On page 6 of the paper there is a 1,100-word "commentary" by Kereszty, entitled: "USA-Iran -- Reagan's Boomerangs." It relies almost entirely on quotations from or references to U.S. media reports. Kereszty notes that according to James Reston, Reagan is "provoking something he does not need, a strong fight with the Congress." Kereszty notes that the case of arms deliveries to Iran has become the "big political issue" in Washington following the difficulties the administration had to face during the fall. He recalls incidents ranging from the Zakharov-Daniloff affair to the trouble with Libya and Nicaragua and the CIA, and says: "After all this series of foreign political bumps, now comes a stumble in domestic policy in the election campaign. As of January the Senate will be run by Democrats." Kereszty again reports the press conference and notes the many critical questions Reagan was facing regarding the arms affair and the "internal political circle" very similar to the time of Nixon.

He concludes: "This is the first time in the 6 years since President Reagan has been in office that he has found himself in a defensive situation. As Charles Krauthammer writes in THE WASHINGTON POST, somebody must resign. Shultz informed his colleagues that he would not be this somebody. He believes that as a secretary of state, he still has a job to do. (Of course, this would not prevent him from resigning out of resentment.) What will happen? Will the White House sacrifice a pawn like Lieutenant Colonel Oliver North who is responsible for secret affairs in the Security Council?

"The White House has experience in handling crises, but has no policy for dealing with them. Actions this fall have increasingly thrown light on the United States' foreign policy crisis, which is now leading to a domestic political conflict."

NEPSZABADSAG DISCUSSES ECONOMIC RENEWAL WITH USSR

AU200500 Budapest NEPSZABADSAG in Hungarian 25 Oct 86 p 7

[Roundtable discussion led by NEPSZABADSAG correspondents Zsuzsa Gal and Istvan Zalai with Soviet and Hungarian economic experts: "Soviet-Hungarian Roundtable Discussion on Economic Renewal" -- date and place not given -- first paragraph is newspaper's introduction]

[Text] A Hungarian-Soviet meeting of economists was held this week in Hungary and a Joint Hungarian-Soviet Committee of Economists was established. [paragraph continues]

We used this occasion to invite to the NEPSZABADSAG roundtable discussion the following economists from among the two countries' experts present at the meeting: Academician A.G. Aganbegyna, head of the Research Institute of the Territorial Placement of the Forces of Production of the Soviet Academy of Sciences; E.A. Anchishkin, academician and head of the Research Institute of Economics and Forecasting of Technological Progress; O.R. Latsis, department head of the Research Institute of the Socialist World Order of the Soviet Academy of Sciences; Janos Deak, head of the Institute of Market Research; Rezso Nyers, councillor at the Institute of Economic Sciences of the Hungarian Academy of Sciences; and Emil Nyul, head of a faculty at the MSZMP Political College. NEPSZABADSAG was represented by chief staff member Zsuzsa Gal and columnist Istvan Zalai.

[NEPSZABADSAG] Both the Soviet Union and Hungary are looking for methods to accelerate the people's economy through intensive development. In spite of the different circumstances, the economic reform conducted in our countries has many points in common. In your view, what are the main issues of economic renewal?

[Latsis] In the Soviet Union, and, as far as I know, in Hungary as well, one of the most important issues among the numerous issues of the reform is the type of relations between the central management and the enterprises. In order to be able to successfully carry out the renewal of the economy -- at least as far as I can judge based on my own experiences -- we must eliminate certain prejudices, such as, for example: that centralism here is too strong and that, therefore we must decentralize the management and increase enterprise independence, and this can be successful in itself. At the same time, however, the analysis of economic practice shows that there is a lack of necessary centralization, because what we call centralism is in reality not a concentration but often bureaucracy. Details like, for example, what to produce and where are dictated on paper from the center.

Unnecessary Interference

[Nyers] I would add a little and perhaps even argue a little with Comrade Latsis' conclusions by saying that overcentralization is a real fact in our society. The central interferences are bureaucratic partly because of an oversized centralization that covers too many details. On the other hand, however, it is true that, although desirable, the assertion of central interests is inadequate concerning issues of great importance. A central interest in Hungary, for example, is to improve the foreign trade balance in convertible currency, but we have not achieved adequate results for the 2d year in a row. The interest is central and our system of means is aimed at asserting this interest; nevertheless, we do not succeed in attaining our goal. We can say, therefore, that our economic management practice is inadequate in this respect and that our economic mechanism, taken in a larger sense, does not yet serve this goal adequately, either.

We are unnecessarily interfering in too many issues. Unnecessary or forced, the effect of our interference is often negative. As an example I would mention the case when economic regulations or a ministry interfere in an exaggerated manner in the enterprises' sphere of authority. As to what is exactly the central interest, we should be allowed to approach the issue from another angle. [paragraph continues]

Can the central interest be divided into sector interests within a certain limit? I can say from experience that it cannot, at least not without repercussions. It was on this that the previous system of plan indicators failed, and this is the reason why the present practice of forced import limitation is having problems.

[Latsis] One can sometimes hear abroad, and we are talking about this in the Soviet Union too, that the extent of production and economic centralization in our country is extremely high, and so is the centralization of resources in the case of large-scale enterprises and associations, and that, therefore, decentralization is necessary. I think that, in reality, we are suffering not from extreme centralization, but from the fact that this centralization is inefficient; that is, from the fact that this centralization is of an administrative nature instead of one helping the concentration of production and capital with economic methods. This production and capital concentration is inadequate in the Soviet Union as well because many production associations are too small and divided according to the sphere of authority of the sector ministries and because we are unable to develop the optimal sizes for these associations. And the concentration is, to a certain extent, desired by the real processes themselves.

Large-scale associations like the Skala Coop have been established in Hungary, too, in recent years. The development of various forms of contractual associations, the new methods of capital regrouping, the reform of the banking system -- and, of course, we still do not know what the reform of our Hungarian friends will bring -- well, all these are undoubtedly signs of capital concentration and not of decentralization. Let me add to this that all this signals a recognition of the realistic economic processes. Nevertheless, there can still be and there are inefficient large-scale enterprises both in Hungary and in the Soviet Union. But it is also certain that the fundamental processes -- such as, for example, the technological and scientific progress so important for both countries -- demand a greater concentration of capital.

[NEPSZABADSAG] It seems that we use different meanings of the concept of centralization-decentralization and apply it to different phenomena in both countries. Economic science and practice is using this pair of concepts to characterize two sets of issues. It means the centralization of management and the assigning of decision making rights, and it uses these concepts to characterize the enterprise structure and to show the extent of the concentration of means of production at the large-scale enterprises. Could we not make these concepts more clear-cut and delimit them more precisely?

[Nyers] I agree that we must clarify several of our concepts and that we must clearly delimit what the things are we want, why we want them, and how we want to attain our social goals. In my view, however, the fundamental problem is that the efficiency of our economies is inadequate to the current requirements. It follows from this that the management system used so far is not good. I accept the fact that the problem is not that we have to decentralize everything we have centralized so far, but we must create a new type of division of labor between the government sphere and enterprise activity.

Mobilization of Resources

[Aganbegyan] We have to start, well, from the issue mentioned by Comrade Nyers; namely, what is it that we really want, because what we really want to say derives from this. Comrade Nyers mentioned that primarily, Hungary would like to reduce its debts, but to achieve this, a veritable multitude of problems must be solved. [paragraph continues]

And what is it that we want in the Soviet Union? What are the goals set out by the economic policy in the new phase of development? The first thing we are striving for is a situation in which production is subordinate to society's needs. This is the condition for eliminating shortages and the producers' dictate over consumers, for making sure that consumers can choose among the producers and that the producers manufacture goods demanded by society. I regard this as a primary task. In the economy of shortages, we are producing many things that are not necessary or things that are needed but are badly manufactured under the circumstances of the economy of shortages. A really good economic mechanism is the one that eliminates shortages and subordinates production to consumption.

[NEPSZABADSAG] What are the means by which you are trying to approach this undoubtedly primary goal?

[Aganbegyan] We wish to attain a sudden development in increasing efficiency, and we must mobilize our organizational, economic, and social resources; primarily, we must accelerate technological and scientific development. Another outstanding task is the social orientation of the economic mechanism; that is, to make sure that this mechanism provides adequate possibilities for the development of the readiness for initiatives and the development of freedom and democracy and to make sure that man, as a social being, works to his abilities in the new economic system and does not feel that he is a small screw but a living, organic, full part of the economy. Our current economic mechanism, which was created under other circumstances and aimed at attaining other goals and which was quite adequate during its time, is obviously in contradiction with the tasks mentioned by me here. I would say that it is working against these tasks. Therefore, patching up this mechanism is out of the question, although we sometimes use such formulations. In my opinion, we must replace this old mechanism with a basically new one, one that is suitable for the implementation of today's tasks and which is adequate to the current requirements. That is why I, we, are talking about a radical reform of economic management. That is why we are speaking about a revolutionary transformation.

[Nyers] In one of his articles, Comrade Aganbegyan said -- and he has taken a similar position now, too -- that we must break the processes of evolution in the economy. Would you also say the same concerning economic management; that is, that radical reform means to break the line of development so far? I would very much sympathize with such a courageous declaration.

[Aganbegyan] The expression I have used is not my own. As the great discoverer Curie said at the time, if I had only one thought of my own in all my life, I would be a genius. I have not yet had thought totally of my own either. I can say that, adjusting to the current circumstances and to the radically new conditions, we must considerably increase the enterprises' independence and responsibility. An expression is in fashion in our country nowadays which says that we must strengthen both sides of democratic centralism; that is, we must strengthen centralism and develop democracy. I do not like this formula very much. Neither does Comrade Gorbachev speak generally of strengthening centralism, but of improving the efficiency of central management. I think there is some difference here. I must say, however, that economic management in our country has more than two levels -- a bottom and a top level; it also has an intermediate level. In my opinion, many problems in our economic management system derive precisely from the overproliferation of this intermediate level, represented by the ministries and the affiliated organizations. Therefore, it is possible to improve the top level of management and strengthen the bottom level simulatenously, and all this at the expense of the intermediate level.

[NEPSZABADSAG] Do we understand by this that you consider it necessary to simplify the overly complicated management system?

[Aganbegyan] Yes, but this is another issue. Anyway, it is obvious that the spreading of enterprise independence requires new forms of economic management and a break with the currently decisively used administrative methods and the subsequent petty limitations. In other words, I think we must use the Leninist principle of democratic centralism as a basis today, too, but we primarily need economic methods in management rather than administration. It follows from this that we must increase the role of the market, activate the relations between goods and money, and strengthen the role of profits as a cumulative indicator.

Which Proportion Is Dangerous

[NEPSZABADSAG] Should this go together with an increased state centralization of incomes, or is it better to leave the majority of the resources in the possession of the enterprise?

[Nyul] The state can centralize the net incomes of society for three reasons. The first reason is obvious: a certain proportion of incomes must be allocated to fulfill the demands of the nonproductive sphere. Under socialist relations, however, the state is centralizing two other, greater, proportions of incomes. The second proportion is the one the state reuses in production for industrial policy goals. The third proportion is the one the state is centralizing in order to balance the differences between expenditure and income. This type of centralization is dangerous because, with this, the state is assuring an equal scope for maneuvering for all the organizations active in the economy irrespective of their efficiency.

[Nyers] In my opinion, danger is also present in the case of the second type, because it often happens that the state wants to do the second type and in practice it turns out to be the third type.

[Nyul] Yes, the two types become confused. But let me mention here that we are giving the enterprises a greater scope in important questions like the setting of prices. In other words, we do not dictate to the enterprises what to produce and where to sell their products, and this is essential from the the viewpoint of centralism-decentralism.

[NEPSZABADSAG] Some sort of economic renewal is on the agenda of almost all the socialist countries. What is the effect of this on international cooperation within CEMA?

[Deak] It is, no doubt, important to also renew our relations within CEMA. If the socialist countries' enterprises can decide on what to purchase and from where, then the relations among them are also moving into a new phase. Due to our production structure and the proportions of our sectors, the international division of labor is particularly important for us. We cannot be satisfied, however, with our products' competitiveness both within CEMA and on the wider world market. In order to better adjust to market requirements, we must strengthen enterprise activity. Of course, there can be central tasks here as well, although, to tell the truth, we have failed so far to find a real solution. This should be done somehow, as follows: The state should direct the producers and provide guidelines concerning development but, at the same time, it should refrain from taking the decisions, upon itself instead of leaving them to the producers and the enterprises.

Many Kinds of Interests

[Anchishkin] May I return to the previous subject and remind you that, 3 years ago, Comrade Andropov described a situation in the Komsomol that we are really aware of: We are incorrectly acquainted with the society in which we live. On the basis of this discussion, it seems that we are incorrectly acquainted with the system of interests of the participants in social production, a system of interests that affects the ultimate shape of centralization and decentralization. There are people's economic interests, enterprise interests, and particular regional economic development interests. In our country, the latter is very important, taking into consideration the counties and the republics. Then, there are strongly emerging interests of certain social groups, like the youth, women, and the workers active in various sectors of the economy. Then, there are international interests belonging to the socialist community, and there are global interests that affect everyone, interests such as, for example, environmental protection. It is absolutely necessary to know, understand, and guide these interests. It can only lead to trouble if we discount these interests and try to solve local affairs, for example, from the position of centralism. And the other extreme is very bad too, when we approach social and people's economic problems as if we were facing group problems.

This issue is a problem of economic science in its entirely. Therefore, it is essential to analyze the social processes and to understand the tendencies. It is possible that we are using different terms for the same thing but, in my view, the economic sciences must today solve these practical questions: they must study the social processes and understand the real interests.

[Aganbegyan] I would like to add two things to the debate on centralism and on independence. First, centralism and independence must be judged also from the viewpoint of the distribution of resources; what is the proportion belonging to the central management and that of the enterprises. If we approach the issue from this point of view, then Hungary is a considerably centralized country.

Sometimes we produce the illusion that an economic mechanism is good because we withdraw, let us say, 70 percent of the enterprises' incomes and places this in the earth to prevent it from being used for wrong purposes. If we do this, the economic management will have nothing to distribute, to renew the production funds, and to provide incentives to the people. Therefore, the connection between the distribution of centralized means of production and independence is unbreakable, because the latter is also closely related to the utilization of resources.

The other thing is the modern understanding of the relations between balance and dynamics. Although these are related, they also contradict each other. We would like to have an economc mechanism that not only eliminates shortages and creates a balance and adequate proportions, but one which also considerably accelerates our economy. We must stress that the dynamics of our economy are greater than in the majority of developed capitalist countries. If we create an economic mechanism that is capable of discovering the advantages inherent in the system, then we can develop even more dynamically.

The Use of Reforms

[NEPSZABADSAG] Taking, then, a closer look, what are our tasks in making our economy work more efficiently?

[Nyers] If we want to do things differently and better, we must think differently. We are happy to hear and read that there are forceful preparations and even changes in this respect in the Soviet Union too. A big question still remains after all this: How should the state act? Society always has more and more goals, and these goals will never smoothly fit close to each other. Therefore, we must search for a correct assembly of these goals. We can prefer some goals, but we must not completely neglect other goals either. In Hungary today, for example, we must prefer, primarily, the foreign and domestic balance, but at the same time we must accelerate the economy and increase the rate of economic growth, and there is already a certain contradiction between these two goals. And no matter how important these two goals are, we must also serve the populations' standard of living, at least as much as we can. We need, therefore, a state centralism that relies on the independent activity of the individual and of the smaller community -- enterprise, town, village -- a state centralism that contributes to the economic development and also helps its balance; that is, state centralism can take neither solely the part of growth nor solely the part of the balance. It must encourage production in a way to make the consumer have a greater effect on production; that is, the state cannot take only one side in the "debate" between the producer and the consumer.

I consider it a fact of great importance that the reform process under way in the Soviet Union affects the economic efforts of the socialist countries in that they might get closer to each other as a result. We, the socialist countries, must use our relations for two goals: First, to strengthen our own country through cooperation within CEMA and, second, to make sure that every socialist country is able to improve its position and competitiveness in the world economy on the basis of this cooperation. We can strengthen our competitiveness only if we adjust better to the world economy, and our reforms seem to be suitable for this.

[NEPSZABADSAG] How can we sum up the essence of our discussion and what conclusions can we draw from it?

[Anchishkin] Let us return to where we started: For us, perfecting the economic mechanism is not an end in itself but a means of accelerating economic development. By this we wish to attain an increase of at least 1.5 times in the rate of economic growth by the end of the century, doing all this by improving efficiency and accelerating technical and scientific progress. We are striving to attain an economic development that is characterized not only by quantitative dynamics, but also by qualitative improvement. In other words, we want to manufacture goods and provide services that are demanded by the population and which can be exported competitively. We aim at a dynamic that is suitable to the concept of qualitative increase. Everything that has been the subject of our discussion, in the final analysis, must serve in practice the implementation of the main goal formulated at the 27th CPSU Congress: the acceleration of socioeconomic development on a qualitatively new basis.

[NEPSZABADSAG] Thank you for your participation and the creative discussion.

MSZMP CC RESOLUTION ON ECONOMIC ACTIVITY

AU250731 Budapest NEPSZABADSAG in Hungarian 22 Nov 86 pp 1-2

["MSZMP Central Committee Resolution on the Tasks To Improve Economic Activity and on the Guidelines of the People's Economic Plan for 1987 and the State Budget" adopted at the MSZMP Central Committee plenum in Budapest on 20 November]

[Text] At its session on 19-20 November 1986, the MSZMP Central Committee reviewed the state of the people's economy and the experiences of the economic activity carried out since the 13th Congress and determined the main tasks to implement the economic program approved at the Congress and fulfill the Seventh 5-Year Plan.

The Central Committee concluded that the socioeconomic program adopted by the 13th MSZMP Congress was agreed to by the people. This agreement was reflected in the National Assembly and council elections, at the trade union, KISZ, and PPF congresses, and at other responsible social forums too. The National Assembly adopted the government's working program and, in accordance with the economic goals and tasks decided at the congress, the Assembly enacted the Seventh 5-Year Plan.

Implementation of the congress resolution has begun. Socialist democracy has further developed, self-governing elements in the life of society have strengthened, and public participation in preparing decisions has widened. The modernization of the economic management system has continued. The change to new forms of enterprise management has been completed. The norms of honest economic activity and the ban on dishonest activity are regulated by law. A reorganization of the banking system is under way.

The Council of Ministers approved the central economic development programs aimed at reorganizing the economic structure and improving efficiency, tasks related to the medium-range plan, and decided on settling the situation of the mining, iron metallurgy, meat processing, and surface construction industries. The enterprises' medium-range plans have been worked out. Several large-scale enterprise and cooperative collectives were able to improve the efficiency of their economic activity and provided noticeable initiatives concerning the modernization of the product structure, manpower management, and cooperation between enterprises.

According to the goal set by the congress, the Seventh 5-Year Plan for the people's economy, as well as maintaining and stabilizing the economic balance, should be a program of efficiently and gradually accelerating economic development and should provide the basis for an increase in national income, for technical progress, for a tangible increase in the population's standard of living, and for an improvement in the living conditions of the population.

The Central Committee concluded that no acceleration of economic development was been achieved in 1985-86 and the results of the first year of the Seventh 5-Year Plan were unsatisfactory. Expenditures -- including international payment obligations, investments, public expenses, and personal incomes -- exceeded receipts. Consumption was higher than production in the country.

The inadequate performance of the people's economy was also due to the unfavorable international circumstances and more limited sales opportunities. [paragraph continues]

The world market prices of Hungary's major export products -- like, for example, wheat, maize, meat and meat products, vegetable oil, aluminum, and oil derivatives -- dropped by 35 to 50 percent. The long and harsh winter last year and the years of drought added to our difficulties. In addition to external factors, weaknesses in our own work and the shortcomings of management also played a considerable role in our lagging behind the plan.

People's economic planning, regulations, and the system of institutions did not provide for an adequate improvement of the domestic and foreign balance relations or for the discovery of new resources necessary for the acceleration of the economy. We did not succeed in adequately coordinating the people's economic interests and the enterprises' interests. Decisions were delayed in important export and import management issues and in preventing and eliminating market disturbances. The further development of the system of economic management that had been decided was not carried out consistently. The executive bodies of the Central Committee and the government are responsible for the shortcomings in management and the inconsistencies in implementation and supervision.

The organization, assistance and control of the implementation of resolutions is also inadequate at local party, state, and public organs. The attitude that considers successful work as a top priority has not yet become general among the working collectives of enterprises and institutions. There are unjustified differences in the performance of enterprises and cooperatives of equal potential. Many enterprises do not use their resources adequately and wish to increase their incomes by means of budget subsidies and unujustified price increases rather than by means of increasing efficiency, reducing expenses, and better using the available manpower.

Effective management is hindered by the fact that the basic requirement of income proportional with performance has been enforced neither in management nor in the implemantation of tasks. On the contrary, leniency is frequently shown toward people who do not fulfill their obligations. Violations of socialist norms, regulations, and citizens' and work discipline are tolerated and not penalized.

The problems facing the people's economy, the extremely slow economic development and difficulties in the economic activity very much concern public opinion and are giving rise to anxiety, and the irregularities that harm the general requirements as well as local disorders are shocking the honest working people who make up the overwhelming majority of the labor force.

The Central Committee considers it an indispensable and pressing task to eliminate the obstacles in the way of accelerating economic development, to raise the standard of management, and to create the political and social as well as organizational and personnel conditions necessary for the improvement of work.

I

The Central Committee considers the attainment of economic an political targets formulated in the resolution of the 13th MSZMP Congress and concretized in the Seventh 5-Year Plan to be the most important task of the work of socialist construction. The 1987 people's economic plan should also serve this aim. The Central Committee stresses that there is no feasible way of fulfilling the social and economic program other than through the acceleration of economic development by improving activity and making a rational use of available resources.

-- Purposeful, well-organized, and disciplined work complying with the requirements is indispensable in all the areas of our society's life, both in management and in the implementation of tasks.

-- Both enterprises and workers should be made more interestsed in increasing performance.

-- The practice of consuming more than what we produce should be eliminated.

1. The acceleration of economic development requires a modernization of the production structure, the acceleration of technological progress, the assertion of a selective development, an increase in material and energy saving, and an improvement in our export capability. All these should be promoted by practical measures.

-- Enterprises should be made more interested in profitable production and in cost reduction. This should be supported by resources made available as a result of reducing the amount of subsidies provided for inefficient production, by tax exemptions, supply of basic funds, interest returns, interest exemptions, and other suitable means. The expansion of profitable exports and substitution for imports should be consistently encouraged. The system of competition aimed at developing export-capable production should be maintained in the future too and should be placed at the same time in the service of technological modernization.

-- A program should be worked out for making the work of loss-making and low-efficiency economic units profitable, gradually eliminating central subsidies, and eliminating inefficient production. In the course of this process, attention should be paid to making sure that there will be no shortage of indispensable products. The manpower relieved in the wake of structural changes should be employed in efficient economic sectors.

-- The funds allocated for research and technological development should be used in a concentrated way and more efficiently. By increasing interests, the research results should be made usable in production more rapidly. Technological development should be put even more in the service of international competitiveness and profitability.

-- In implementing our people's economic tasks, we should rely on making a better use of opportunities for economic cooperation with the Soviet Union and the other CEMA member-states, on the development of more advanced forms of cooperation -- including specialization and cooperation between enterprises -- and on the creation of joint ventures and mixed enterprises.

Efforts should be made to develop reciprocally advantageous commercial and cooperative relations with the advanced capitalist countries and the developing countries and to establish mixed enterprises.

-- The organizational and interest systems of the foreign economic activity and the activity of marketing and trade development should be modernized. The increase in exports requires that the enterprises enlarge and improve their services.

2. The Central Committee considers it a priority of the 1987 plan and budget to increase economic performance and efficiency, improve the foreign trade and financial balance, change the economic structure, accelerate technological development, and improve living conditions. The annual plan, the economic regulations, and management should focus attention on the selective acceleration of economic growth.

The basis for a better coordination of economic and financial processes has to be established through a greater increase of competitive production and exports. The budget deficit has to be reduced mainly by moderating expenditures and by large-scale austerity measures.

The 1987 people's economic plan stipulates at least a 2 percent growth in national income.

Industrial production should increase by 2.5-3 percent. The development of sectors and enterprises that manufacture competitive products and the modernization of the industrial structure should be accelerated. The elimination of unprofitable production and the regrouping of manpower should continue in certain areas of the energy and basic material industries. The production of the processing industry, particularly of the specialized branch of electronics that represents advanced technology, as well as the production of the pharmaceutical industry, synthetics processing, the motor vehicle industry, and the agricultural machinery industry should increase beyond the average. A rational regrouping of funds from inefficiently operating enterprises should also be rendered possible. General provisions should be made to ensure that the available production capacities are maximally used in accordance with our people's economic goals.

A 4.5-5.5 percent growth in agricultural production compared to 1986 should be stipulated. Production structure should adjust flexibly to the quality requirements and the export possibilities. Grain production should be higher than this year. The standard of animal breeding should increase. The increase of the stock of pigs and sheep should be accompanied by an acceleration of the qualitative change of the breeding stock. The food industry should increase the proportion of high-level processed and good quality products and reduce specific production costs.

The most important task facing the building industry is to improve the quality and peace of housing construction and improve its efficiency. Work organization should be increased and the level of the guiding and leading activity should also be increased.

In the area of the production infrastructure, the needs of production and of the population should be fulfilled by better utilizing the available capacities. Great attention should be paid to the development connected with the reconstruction of the telecommunications network and to the rational organization of goods-transportation. The natural environment should be protected and the measures aimed at protecting this environment should be strictly enforced.

Investment funds should be used primarily on modernizing production and the infrastructure directly serving this production and on increasing the income-producing capacity, including the supply of credits and basic allowances. The proportion of enterprise investments aimed at modernizing the technology should increase.

The stabilization of the 1985-86 living standard and a modest improvement in living conditions should be attained through the adequate coordination of production, incomes, and prices. A balanced supply of the population with consumer goods should be assured. The incomes of individual workers and collectives should develop in proportion with their performance. Wage increases should be carried out in a differentiated way in all places on the basis of the results attained and following the creation of the necessary funds.

Opportunities should be created at efficiently operating enterprises to carry out higher-than-average increases in wages and to increase employment. The low-profit enterprises which do not, or only slightly increased their performances, should be forced to maintain or to moderate their wage level and exercise a rational manpower management. Good work should be an appreciated value for the workers.

There are increasing tasks facing foreign trade in 1987. Foreign trade enterprises should improve their cooperation with producers. These enterprises should endeavor to make a better use of market possibilities, acquire new markets, and improve their foreign trade and cooperation activity. In ruble trade, Hungary should strive for a growing and balanced turnover, and in the balance of convertible currency trade, it must strive for a major improvement compared with 1986.

3. Our system of economic management introduced almost 2 decades ago is viable, developing continuously and, in general, making a favorable impact on the economy and on the life of society. Assessing past experience, it can be concluded that when the reform was introduced, neither the central guiding organs nor the economic organizations were duly prepared for the tasks arising from the new requirements. This shortcoming has not yet been fully eliminated.

The implementation of the congress resolution and support for the targets of the Seventh 5-Year Plan and the 1987 plan make it necessary to accelerate the implementation of the tasks stipulated in the Central Committee position of April 1984 on the comprehensive further development of the economic management.

-- The system of regulations should contribute to a more rapid development of the enterprises in line with their profitability. The development of the pricing system should also ensure that profits reflect genuine performance. Increases in enterprises profits deriving from unjustified price increases and from budget subsidies should be stopped. An income and wage regulation should be applied that will ensure harmony between performance and income outflow and which contributes to a rational regrouping of manpower and to a more efficient manpower management. Other solutions concerning wage management and reduction of manpower should be gradually made general. The necessary manpower regrouping should be promoted also by central measures and means.

-- Legal regulation should also follow the development and contribute to the economic activity. Overregulation should cease. Contracts stipulating the economic obligations should be honored. Supervision should uncover irregularities in all areas of public and economic life. Violations of lawful stipulations should be followed by more consistent punishment than hitherto.

-- Credits and financial instruments should play a greater role in economic management. The issuing and hard currency monopoly of the Hungarian National Bank will continue. The commercial banks starting operation on 1 January 1987 should carry out their activity flexibly and this activity should be directed by business and profitablity considerations.

-- The introduction of a new enterprise and personal income tax system should be prepared.

A more simple tax system should be applied to enterprises, a system that is more appropriate both as regards enterprises independence and the viewpoint of the necessary income centralization.

The system of personal income tax should assert the principle of a fair burden of taxation. Its introduction should not reduce the net income of people living on wages and salaries derived from main jobs and should not hinder the increase in performance.

In social policy, modernization and modification steps should be carried out, steps that will ensure that certain allowances and services are better adjusted to the social situation in question and to actual need.

II

The Central Committee stresses that the most important task is to establish a unity of attitude and action which will serve to implement the approved economic policy targets and plan targets, and the emergence of public activity.

Greater order and discipline is needed throughout all of society. To this end it is essential to strengthen party discipline, make control and calling to account regular practice, and firmly envorce the responsibility of local management organs and their leaders. All political, state and public institutions should provide all their support for improving economic activity and for the efforts aimed at accelerating development.

1. As the party is the acknowledged leading force of our society and socialist construction work, the people expect it to guide and set an example in solving the timely economic tasks. A fundamental condition of progress is confidence between the party and the masses, the unity of the party and the people.

The most important task of the Cental Committee and its executive organs is to define the strategic goals of economic policy and to direct and control their implementation.

Economic policy representation, its acceptance, its local assertion, and mobilization for the implementation of this policy should play a greater role in the activity of the Budapest and county party committees. Representation of policy, including economic policy, is the most important task of the disrict, enterprise, cooperative and institutional party organs and organizations. The standard of their work is relfected in the extent of their contribution to the practical implementation of the economic policy in their sphere of activity.

An important condition for successful work is to assert the principles of cadre policy. The executive organs of the Central Committee, the party organs and organizations should begin to establish such personnel conditions as will ensure the successful solution of economic tasks. They should take a consistent stand so that independence is accompanied by appropriate responsibility in the work of the leaders. They should not tolerate lack of principles, indifference, and subjectivism in cadre and personnel work.

2. The Council of Ministers should play a greater role in and assume more responsiblity for economic management, the coordination of major trends, the exact definition of national tasks, the removal of obstacles, and the organization and supervision of the implementation of these tasks. In its activity, the Council of Ministers should strengthen the collective character and personal responsibility and should pay particular attention to the coordinated solution of long-term and daily tasks.

It is an important task for the government and its guiding organs to ensure that the central economic development programs for the structural change and efficiency improvement stipulated in the Seventh 5-Year Plan -- among them the electronization, pharmaceutical and pesticides production, energy rationalization, and the use of waste and secondary materials -- are implemented.

Purposeful measures should be taken to improve management and modernize the organization of institutions financed from the central budget. Through the reasonable use of available resources, these institutions should strive to carry out their obligations on a higher level, with a smaller staff, and more rational management.

Public property should be resolutely protected with the assistance of the honest living and working majority and the application of legitimate means, and people who neglect their work, harm smaller or larger communities, and violate laws and socialist norms should be called to account. All this requires a more coordinated political, economic, legal, and authority activity and democratic control.

3. The modernization of the councils' management has increased their independence, responsibility, and their self-governing possibilities.

The councils should ensure that the enterprises under their guidance improve their economic activity in accordance with the economic policy goals and that their production and services adjust to the demands of the population. The administration of affairs should be simplified and professionalism and speed should be increased. At the same time, the exercise of the authorities' sphere of legal rights and the supervision should be more consistent. The elected bodies should regularly supervise the activity of the executive organs and of the professional branch.

4. The enterprises should make use of their greater independence and of the possibilities provided by the economic regulation.

At the organizations operating under the new forms of enterprise management, the enterprise councils should direct their main attention to the development of activity in accordance with the purpose of the enterprise, efficient management of socialist property, the rational exercise of employer rights, and the assertion of the director's sphere of authority and responsibility. The leading bodies should be protected from formal, bureaucratic, and self-centered work.

The efficiency of the enterprises' and cooperatives' economic activity should be determined primarily by the activity they carry out during main working hours. Ancillary activities that serve the interests of the people's economy and which supplement and help the enterprises' efficient and profitable activity continue to be needed. Work according to legal regulations should be required; the leading bodies of the enterprises and cooperatives and the state organs should take a stand against negative phenomena.

5. With their daily work, the workers of the press and the mass media should contribute to the implementation of our social and economic program. In their articles and programs, they should inform, represent, and explain the party's position and the government measures and should publicize the advanced experiences, they should argue with mistaken opinions and criticize practices that oppose our policy.

The Central Committee calls on the party organizations, the communists, our non-party-member allies, believers in socialism and mass organizations -- primarily the trade unions and the KISZ -- the enterprise councils, the enterprise leaders and the working collectives to consistently support the implementation of the 13th MSZMP Congress decisions and the 1987 annual plan in all production units and work places.

The Central Committee is firmly convinced that economic development can be accelerated and a secure foundation be created for further improvement in living standards and the prosperity of the people provided that the available resources are utilized efficiently and work is carried out with discipline.

Budapest. 20 November 1986.

COUNCIL MEETS, DISCUSSES UPCOMING TASKS

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[Text] Budapest, November 25 (MTI) -- Tuesday morning the Central Council of Hungarian Trade Unions (SZOT) met to discuss next year's tasks under the chairmanship of Sandor Gaspar, president of SZOT and member of the Political Committee of the Hungarian Socialist Workers' Party. The conference is attended by Laszlo Marothy, member of the HSWP Political Committee and deputy chairman of the Council of Ministers.

Tibor Baranyai, general secretary of SZOT, informed the participants on the tasks facing the trade unions in implementing the resolution of the HSWP Central Committee passed at the November 19-20 session.

Tibor Baranyai pointed out that the trade unions also attach particular importance to stepping up economic work. He stressed the trade union movement is interested in putting into practice the guidelines of the Central Committee resolution, because they conform to the opinion and endeavors of organized workers.

WOZNIAK ADDRESSES GOVERNMENT ECONOMIC COMMISSION

AU261002 Warsaw TRYBUNA LUDU in Polish 20 Nov 86 pp 1, 8

[Jan Markusz and Tomasz Szymanski report: "The Inaugural Session of the Team for Organizational Structures of the National Economy"]

[Excerpts] The second team of the Party-Government Commission for Reviewing and Modernizing the Organizational Structures of the Economy and the State held its first session in the office of the Council of Ministers on 19 November.

The session was attended by Marian Wozniak, PZPR Politburo member, Central Committee secretary, and chairman of the Party-Government Commission. Vice Premier Zbigniew Szalajda chaired the session of the team, which includes scientists, PRON activities, members of the territorial and workers self-government bodies, and managers, of large enterprises.

Our team, Zbigniew Szalajda said, has very important tasks to accomplish: To work out long-term concepts for modernizing organizational structures in order to achieve the ninth and 10th party congress goals of the country's socioeconomic development. This issue is very important, and we are aware of its complicated nature and of the many spheres we should deal with. That is why we have to consult the views of all our communities. [passage omitted]

Speaking in his turn, M. Wozniak said: We have initiated the process of structural changes while bearing the enormous burden of many past weaknesses. Our political will to reform the economy is of fundamental significance, and that is why the government and party apparatus should consider the views of various scientific and social communities, even if these views may be critical. For example, some people are afraid that the review of organizational structures and the verification of jobs will be carried out only in plants and will omit various central agencies. Our party authorities are especially sensitive to this issue. We are determined to reform and modernize the entire economy and the state.

We hope that the activities of the team and the entire party-government commission will make it possible for science to commit itself on a large scale to modernizing structures and improving management methods. Our present structures were established many years ago and some of them are now superfluous. We must not regard our structures as eternal, and that is why we should define the changes that will make our economy more efficient. [passage omitted]

The session set up three subordinate teams, which will work out the general lines of the development of structures, prepare detailed solutions, and analyze the present state of structures in the economy.

PRESIDENTS CEAUSESCU, HASANI SPEAK AT DINNER

LD202354 Belgrade TANJUG Domestic Service in Serbo-Croatian 2126 GMT 20 Nov 86

[Excerpt] Bucharest, 20 Nov -- This evening in the Palace of the Romanian State Council Nicolae Ceausescu, Romanian president, gave a formal dinner in honor of Sinan Hasani, president of the SFRY Presidency, who today arrived on an official, friendly visit to Romania. The dinner was attended by Ioan Totu, Romanian minister of foreign affairs, and Ilie Vaduva, Romanian minister of foreign trade, as well as by other high-ranking party and state officials. On the Yugoslav side were Raif Dizdarevic, federal secretary for foreign affairs; Nenad Krekic, federal secretary for foreign trade; members of the delegation, as well as Boro Denkov, Yugoslav ambassador to Romania, and Air Force Colonel Kosta Dankovic, military attache of the SFRY.

Toasting the high-ranking guest from Yugoslavia, Romanian President Ceausescu stressed that Yugoslav-Romanian friendship had a fine and rich historical tradition and that it was developing in a positive direction comprehensively on the well-known principles, and that Romania was convinced that great opportunities exist to extend economic relations and start new initiatives for cooperation in various areas on mutually useful bases.

Speaking about the international situation, the Romanian president stated that the visit by the president of the SFRY Presidency was taking place in particularly complex international conditions. The arms race has been continued, some conflicts have been extended, President Ceausescu stressed, and there are also examples of new threats by force, the use of force and interference in internal affairs of other countries. All this, he stressed, increases the danger of a nuclear war and a catastrophe and the destruction of life on our planet.

President Ceausescu further said that recent negotiations in the world did not lead to the assessment that detente had taken place. He said that the Reykjavik Soviet-U.S. meeting had ended without results, and stressed that European countries were directly interested that an agreement on nuclear missiles on the continent was reached as soon as possible. He reiterated the well-known stand of Romania that this question should not be dealt together with other problems, but concrete agreements should be reached immediately.

Romania is making efforts toward the complete liquidation of nuclear arms by the end of this century, is in favor of abandoning the Star Wars program and the reduction of conventional arms and military forces by 25 percent by 1990. Acting in concrete terms in this direction, the Romanian president stressed, we have decided unilaterally to reduce by 5 percent our arms, number of soldiers and expenditure, and we are inviting all countries to follow our example. He stressed that a referendum on this issue which will be held in 2 days in Romania, would reflect the will of the Romanian people to walk on the path of halting the arms race.

Romania is in favor of an extensive development of cooperation between all the European countries and for a Europe of peace, cooperation and understanding. In this context the Romanian president stressed that his country assigned particular significance to strengthening confidence and understanding in the Balkans and turning this region into a zone free of nuclear and chemical arms and foreign military bases.

In his toast at the dinner in honor of Sinan Hasani, President Ceausescu in particular pointed out that Romania, starting from the difficult economic, situation of developing countries, was fighting for the liquidation of underdevelopment and the introduction of a new international economic order, and for the organizing of an international conference on these problems under the auspices of the United Nations. Romania is also, President Ceausescu stressed, making efforts toward a just solution to the problem of foreign debts which halts the progress of developing countries. [passage omitted]

Hasani Toasts Ceausescu

AU251424 Bucharest SCINTEIA in Romanian 21 Nov 86 pp 1, 3

[Report on toast by Sinan Hasani, president of the SFRY Presidency, at dinner given in his honor by President Nicolae Ceausescu in Bucharest on 20 November]

[Text] Esteemed Comrade President, dear friends: I want to express thanks for your warm and friendly words. The cordiality and hospitability we enjoy and the frank and constructive atmosphere of the meeting with you will stay in our minds as the most beautiful remembrance.

With your permission I want to say that symbolically I view my stay as a visit to the home of a good and reliable friend. I take particular pleasure in being able to directly experience such pleasure, because this is our way of life and it is the continuity of our mutual relations.

I am also glad of the opportunity to become directly acquainted with the achievements of the hardworking Romanian people on the road to socialist development and with their noteworthy successes on the path toward a secure future.

Carrying on a constant dialogue throughout the years, we have become better and better acquainted with each other and we have jointly established an atmosphere of trust and understanding. Cooperating on the basis of these new principles, we have made an important contribution to our own countries and to achieving a more stable and more secure situation in the areas in which we were placed by historic destiny. This is the way President Tito and you, Comrade Ceausescu, viewed the prospects of Romanian-Yugoslav relations. Meetings such as the present one are designed to give an impetus to developing cooperation and to lend greater significance to good-neighborliness. Being ready to ensure a more and more intensive development of our cooperation in all areas, we are jointly and constantly dutybound to see that increasingly fewer things remain to be done. We believe that we will fulfill this duty.

There are indeed numerous areas in our cooperation where I stressed what can be achieved through joint efforts and on the basis of good-neighborliness and mutual advantage. If we continue our current practices in economic cooperation, we will not use all opportunities we have to achieve even greater things. Current requirements necessitate the strengthening of all forms of long-term technical cooperation, collaboration, and production sharing, and they require us to constantly promote economic cooperation and exchanges in border areas. In this connection I must stress the importance of continuing cooperation in the construction and exploitation of hydroenergy and navigational systems on the basis of understanding concluded so far.

The era in which we live is an era of communication, of the extensive circulation of people, of ideas, and achievements. As neighbors, we have the most advantageous conditions for all this. I am referring to important areas of cooperation in border zones -- the area of culture, tourism, and information. I think that the attention we are now paying also to these areas will be crowned with new initiatives in the spirit of the needs and incontestable opportunities we have.

Referring then to some international issues, Comrade Sinan Hasani said: Different international positions are not a limiting factor for cooperation if the principles of good-neighborliness are respected. Moreover, we turn this circumstance into an encouraging example of understanding and cooperation and into a factor for stability in this sensitive zone.

This is a quality that must be stressed more and more. The current epoch is a period of signs of hope -- true modest ones -- and of profound causes for disquietude. There are the successful results of the Stockholm conference and there are favorable conditions now for the Vienna conference to reach a broader opening and closeness in Europe. There is the continuity of the CSCE process. Parallel to this, however, there is the reality of the arms race, of sources of crisis, of the policy of force at a military, economic, and financial level, and of the policy of interference, and there is a great economic burden, especially that of debts, which burdens the shoulders of the developing countries.

The failure of attempts so far to halt the nuclear arms race, production, and proliferation is, certainly, a result of the global negative processes in international relations. The Reykjavik meeting has opened new dilemmas but, on the other hand, it has demonstrated that certain prospects for understanding can be opened. The important closeness of viewpoints must now be turned into a real quality and into an accord that will mark a turning point in the most important problem of the present-day world -- halting the arms race.

Undoubtedly, such an accord would be able to enter all impenetrable layers of mistrust. It would incontestably lead to a broader dialogue between the great powers and to general detente in the international arena. True, all of us are called upon to commit ourselves to this cause and to turn detente into a general asset and a common responsibility. Only thus -- on a universal basis -- will we be able to ensure its existence and prospects for it.

Such endeavors by two thirds of mankind once again were fully confirmed at the Eighth Nonaligned Summit. They confirmed that they will stay a vanguard movement for peace, development, and equal cooperation in the world, which is nearing the 21st century.

Therefore, it is logical, the speaker continued, that in Harare the great powers were again confronted with the imperative of halting the arms race and with criteria of negotiations that will take into consideration the broadest interests of the international community. It is therefore easy to understand that owing to the threat of new global confrontation, an appeal for urgent measures to institute an economic balance in the world was launched and support for equal participation by the developing countries was requested, a fact that does not constitute a unilateral, but an objective and global requirement.

Within the framework of all these efforts by the nonaligned countries' movement and actions, Yugoslavia will continue to make its full contribution, as it has always done. It will see to it that efforts within the nonaligned and neutral countries in Europe will mainly serve the successful conclusion of the Vienna CSCE. In this connection, I take grat pleasure in noting that the delegations of our two countries are cooperating positively.

There is no alternative for the Balkans apart from broad, varied, and equal cooperation in the spirit and according to the letter of the Helsinki Act. As a country of the Balkan area we view our essential interest and our own and common prospects in continuing the process of inter-Balkan cooperation and of negotiations among the countries in this area.

The open problems -- if they exist -- are an additional reason for a dialogue permeated by the desire to preserve and strengthen trust, which is so necessary. The zones of peace and security free from nuclear or any other weapons -- in the Balkans, in Europe, and everywhere -- are created and they expand by respecting the principles of general good-neighborliness among the states in this interdependent world.

This is the principle from which we have to proceed even when we talk about the Mediterranean and the crises and conflicts in that area. Security and stability in that area are most directly linked with the Balkans and to Europe. It is in the interests not only of riparian states, but in the interest of the whole of the international community that security and peaceful cooperation be strengthened in the area instead of confrontation and force, pressure and interference.

I am sure, Comrade President, that this meeting of ours will also give an impetus to the achievement of our general and common interests and thus to the achievement of the interests of each of our countries separately.

I want to raise my glass to:
Your good health, Comrade President!
The good health of all our Romanian friends!
The happiness and well-being of the people of the Socialist Republic of Romania!

The constant development of our relations and cooperation! (loud applause)

JOINT COMMUNIQUE ON SFRY PRESIDENT'S VISIT

AU250809 Bucharest SCINTEIA in Romanian 22 Nov 86 p 5

["Joint Communique" of SFRY President Sinan Hasani's 20-21 November 1986 official friendship visit to Romania]

[Text] Comrade Sinan Hasani, president of the SFRY Presidium, paid an official friendship visit to the SR of Romania on 20 and 21 November 1986 at the invitation of Comrade Nicolae Ceausescu, RCP secretary general and president of the SR of Romania.

President of the SFRY Presidium Comrade Sinan Hasani and his entourage visited socioeconomic and cultural establishments in Bucharest.

During his visit, President of the SFRY Presidium Comrade Sinan Hasani laid a wreath at the Monument of the Heroes of the Struggle for the Freedom of the People and Fatherland and for Socialism.

The high-ranking Yugoslav guests were warmly received everywhere, as an expression of the feelings of esteem and friendship nurtured by the Romanian people for the Yugoslav peoples.

President of the SR of Romania Comrade Nicolae Ceausescu and President of the SFRY Presidium Comrade Sinan Hasani exchanged detailed views -- in a cordial and friendly atmosphere and in a spirit of mutual understanding and respect -- on relations of bilateral cooperation and opportunities for their expansion and on the most important issues of international relations. The two presidents also briefed each other on the socioeconomic development in their two countries.

The talks between President of the SR of Romania Comrade Nicolae Ceausescu and President of the SFRY Presidium Comrade Sinan Hasani were attended by:

For Romania: Ioan Totu, minister of foreign affairs; Ilie Vaduva, minister of foreign trade and international economic cooperation; Constantin Mitea and Nicolae Mihalache, advisers to the President of the SR of Romania; Dumitru Popa, ambassador of the SR of Romania to SFRY; and Lucian Petrescu, director at the Ministry of Foreign Affairs.

For Yugoslavia: Raif Dizdarevic, federal secretary for foreign affairs; Nenad Krekic, federal secretary for foreign trade; Boro Denkov, SFRY ambassador to the SR of Romania; Dragomir Vucicevic, adviser to the president of the SFRY Presidium; Miodrag Nikolic, chief of the cabinet of the president of the SFRY Presidium; and Zlatan Kikic, director in the Federal Secretariat for Foreign Affairs.

I.

Comrade Nicolae Ceausescu, president of the SR of Romania, and Comrade Sinan Hasani, president of the SFRY Presidium, noted with satisfaction that relations between Romania and Yugoslavia and between the peoples of the two countries are developing successfully, in the spirit of good-neighborliness and mutual trust and respect, on the lasting bases established during countless meetings between Presidents Nicolae Ceausescu and Josip Broz Tito and during subsequent high level meetings.

On this occasion the sides again stressed the importance of observing and consistently applying the principles of independence and sovereignty, territorial integrity, equal rights, mutual advantage, noninterference in domestic affairs, and respect for the two countries' own domestic development ways and international stands, principles that are lasting foundation of good-neighborliness and set an example for relations between two neighboring and friendly countries.

During the talks, the sides stressed the particular importance of high level meetings for stimulating the development of relations and cooperation between the two countries both at the bilateral and international levels, in a spirit of mutual friendship and understanding.

Both sides expressed particular satisfaction at the traditional friendship binding the peoples of the two countries, a friendship which is constantly strengthening through broader cooperation between the parliaments, governments, political and public organizations, republics and provinces, counties, and towns in the two countries. Both sides stressed the need for steps to enrich this cooperation.

During the talks the two sides confirmed their stands on the question of nationalities as expressed in the 1984 Joint Romanian-Yugoslav Declaration; they stressed that the nationalities are a factor of the relations of good-neighborliness and of friendly cooperation between the Romanian people and the Yugoslav peoples.

President Nicolae Ceausescu and President Sinan Hasani paid particular attention to economic relations between the two countries and expressed satisfaction at the progress registered in developing cooperation this year. They positively assessed the efforts and actions undertaken along these lines by the governments of the two countries, the Romanian-Yugoslav Commission for Economic Cooperation, and other economic bodies and organizations.

The sides stressed their determination to make further efforts to expand and diversify exchanges of goods, industrial cooperation, and long-term production sharing, by increasingly using to this end the advantages offered by the development level of the two economies and by geographic closeness. In this respect, they examined concrete steps, ways, and means for developing bilateral economic cooperation.

During the talks the sides valued the construction of the Iron Gates I and Iron Gates II hydroelectric and navigation schemes as an example of the building of major projects through the joint efforts of the two countries.

The two presidents agreed to make further efforts to develop cooperation in electronics, electrical engineering, machine-building, and petrochemistry. They also pointed out the broad cooperation opportunities in iron and steel, nonferrous metallurgy, and other fields.

Stressing the importance of existing conventions on cooperation and specialization, the sides emphasized the need to fully implement their provisions on schedule, extend their validity, and conclude new and mutually advantageous agreements, with a view to attaining products of a higher technical and technological level so as to meet the requirements of the two countries and of exports in third markets.

In order to expand economic exchanges, new steps will be taken to develop cooperation between financial and banking institutions as well as barter trade.

Positively assessing the signing of an understanding on economic cooperation in border areas, the two sides stressed their determination to make new efforts to implement cooperation in this field.

The sides stressed the need to expand scientific-technical cooperation by laying emphasis on its orientation toward research fields and programs that can be speedily applied in production.

The sides examined ways and means of implementing economic cooperation through joint ventures in third markets between economic enterprises and organizations of the two countries.

The two sides stressed the importance of further developing and enriching the content of cooperation in science, culture, education, health, tourism, and sports and better informing the public opinion in the two countries about the development and successes of the SR of Romania and lthe SFRY, with a view to promoting a better understanding of their mutual historical development and material and cultural values, in the spirit of our traditional friendship and cooperation.

President of the SR of Romania Comrade Nicolae Ceausescu and President of the SFRY Presidium Comrade Sinan Hasani stressed that the all-round development of the Romanian-Yugoslav relations and their further strengthening and enhancement reflect a high level of mutual trust and are in accordance with the vital interests of the peoples of the two neighboring and friendly countries and the interests of equal cooperation, peace, and stability in the Balkans, Europe, and throughout the world.

II.

President of the SR of Romania Comrade Nicolae Ceausescu and President of the SFRY Presidium Comrade Sinan Hasani exchanged detailed views on current international issues, which pointed out the identity or closeness of the two sides' viewpoints.

The two presidents expressed profound concern over the serious situation in the world, which is mainly due to the continuation of the arms race, primarily the nuclear arms race; the existence of many states of tension in various parts of the world; the intensification of certain military conflicts of certain military conflicts; the deepening of the world economic crisis; the very serious worsening of the situation of developing countries; and the continuation of the policy of force and interference in the domestic affairs of other states, by either resorting to the use of force or threatening to use it.

In this respect, the sides paid particular attention to the need to strengthen peace and security in the world, halt the arms race, primarily the nuclear arms race, achieve disarmament, strengthen the process of European security and cooperation, and find ways and means to reduce tension in international relations.

The sides agreed that that key issue of our age is to halt the arms race, proceed to disarmament, primarily nuclear disarmament, and ensure peace and security in the world. Likewise, the sides stressed that one cannot resolve the problems of disarmament and security without finding a solution to the serious economic situation of developing countries, which has a negative impact on international ties and world peace.

Speaking out for the adoption of concrete nuclear disarmament steps and for a halt to all nuclear tests, Presidents Nicolae Ceausescu and Sinan Hasani also stressed the importance of a transition to substantially reducing conventional weapons, troops, and military expenditures; they also emphasized the significance of concrete actions taken in this respect by the SR of Romania and the SFRY.

The two presidents stressed the particular responsibility of the great powers for halting the arms race and ensuring peace and their support for a dialogue and negotiations between the great power as well as for all constructive initiatives meant to lead to concrete disarmament agreements and measures. They also stressed that the international problems -- the problems of disarmament, peace, security, and development -- cannot be resolved by the great powers alone and that all states should participate and act along this line. Romania and Yugoslavia believe that everything possible shold be done to completely eliminate nuclear weapons.

The two countries speak out for stimulating the activity of all negotiations forums on disarmament questions. The two presidents positively assessed the results of the Stockholm Conference on Security and Confidence-Building Measures and Disarmament in Europe and hailed the continuation of the CSCE process with the start of the Vienna meeting proceedings. They expressed the determination of their two countries to contribute, along with other states participating in the meeting, to intensifying the dialogue, attaining concrete steps for disarmament and for a reduction of international tension, developing cooperation in all fields, and strengthening security in Europe.

Romania and Yugoslavia resolutely speak out for developing bilateral and comprehensive cooperaton between all Balkan countries and turning this region into an area of peace, security, cooperation, good-neighborliness, and understanding, without nuclear and chemical weapons. The further promotion of all-round cooperation in transportation, energy, telecommunications, industrial cooperation, culture, education, tourism, sports, and other fields of mutual interest is an integral part of these efforts.

Romania and Yugoslavia speak out for reducing tension in the Mediterranean and turning this area into a zone of lasting peace, good-neighborliness, and cooperation.

Pointing to the many hotbeds of crisis in various parts of the world, the two countries advocate greater efforts to resolve these crises through peaceful and negotiated means alone, in accordance with the principles of the UN Charter, with the equal participation of all interested sides. They stressed the need to totally exclude force and the threat of force from relations among states.

Particular attention was paid to international economic problems and the further widening of gaps between developed and developing countries, one of the sources of overall tension and instability in the world. The sides reiterated the need to develop economic cooperation between the developed and developing countries on an equal footing and stressed the importance of a transition to real negotiations for a global solution to the problems of underdevelopment, including the foreign debt of developing countries.

The side emphasized the positive role of the policy promoted by the nonaligned movement, as an independent, nonbloc factor of overall importance in international relations. They stressed the importance of the Harare conference of heads of state of government from these countries and the significance of decisions adopted by that meeting for reducing international tension, bringing about disarmament, resolving hotbeds of crisis, and promoting peace, security, development, and equal cooperation in the world.

The two presidents stressed the decisive role and importance of the United Nations in the struggle for peace and security in the world, for the independent development of all countries, and for the promotion of comprehensive and equal international cooperation.

III.

President of the SR of Romania Comrade Nicolae Ceausescu and President of the SFRY Presidium Comrade Sinan Hasani reiterated their satisfaction with the high degree of understanding and cooperation between the two countries at the bilateral and international levels and highly valued the results of the talks and visit, which strongly reflect the traditional Romanian-Yugoslav friendship and give an impetus to expanding and strengthening comprehensive cooperation between Romania and Yugoslavia and between the peoples of the two countries.

President of the SFRY Presidium Comrade Sinan Hasani invited RCP Secretary General and President of the SR of Romania Comrade Nicolae Ceausescu to pay an official friendship visit to Yugoslavia together with Comrade Elena Ceausescu. The invitation was accepted with pleasure.

RCP POLITICAL BODY DISCUSSES REFERENDUM

AU241956 Bucharest AGERPRES in English 1758 GMT 24 Nov 86

[Text] Bucharest AGERPRES 24/11/1986 -- The Executive Political Committee of the CC of the RCP met on Monday under the chairmanship of RCP General Secretary Nicolae Ceausescu.

The results of the November 23 referendum on Romania's five-percent arms, troops and military spending reduction were analysed during the meeting.

The Executive Political Committee assessed that the results of the referendum strongly highlighted the Romanian people's full adhesion to the disarmament and peace policy consistently promoted by the RCP and the Romanian state, its firm will to fight with all its forces for the cessation of the arms race and a passage to tangible, practical disarmament measures, for the building of a better and more just world without arms and wars.

It was stressed that the organization and unfolding of the referendum -- in which young people aged 14 to 18 were consulted for the first time in the world -- were a powerful expression of the broad democratism of the socialist system which ensures the direct participation of all the country's citizens in the debate and setting of highly significant measures for the homeland's present and future, in the management of society.

The Executive Political Committee stressed with satisfaction that the millions of participants in the referendum -- workers, farmers, intellectuals, men and women, young and old in towns and villages -- enthusiastically approved and backed, through their vote, President Nicolae Ceausescu's new and particularly valuable peace initiative permeated by high responsibility for the Romanian people's life and work, for mankind's destinies.

The Executive Political Committee showed that the referendum, held in an atmosphere of full unity, intense patriotic commitment, and civic responsibility, turned into a vibrating expression of the esteem, gratitude and high valuation the entire nation nurtures for the brilliant activity Nicolae Ceausescu carries on internationally, for his initiatives and actions devoted to peace and disarmament, to providing all the conditions for the Romanian people to carry through the country's socialist development plans and programmes in a climate of quiet, collaboration and full international security.

The Executive Political Committee, Party General Secretary and President Nicolae Ceausescu personally most warmly thanked the millions of citizens of our homeland who participated in the referendum saying a resolute yes to the peace and disarmament policy, to the whole home and foreign policy of the RCP and the Romanian state.

Nicolae Ceausescu expressed the belief that the working people, the whole nation would strengthen their November 23 vote by a sustained activity, by ever greater achievements in the exemplary fulfilment of this year's and the five-year plans, in the attainment of the goals set by the Thirteenth Party Congress regarding the homeland's economic and social development and the steady rise in the standards of living -- material and spiritual -- of the entire people, the unflinching translation into fact of the programme of building the multilaterally developed socialist society and Romania's advance to communism.

Being highly appreciative of the results of the referendum, the Executive Political Committee stressed that, under the current serious and complex international circumstances, all states, all peoples should step up their efforts and cooperate ever more closely now more than ever before, to halt the arms race and pass on to disarmament, to nuclear disarmament in the first place, firmly promote the policy of detente and security, of understanding, cooperation and peace worldwide.

The Executive Political Committee decided that the communique of the Central Referendum Commission be released.

ARMY DELEGATION CONDUCTS TALKS IN GREECE

LD252319 Belgrade TANJUG Domestic Service in Serbo-Croatian 1418 GMT 25 Nov 86

[Text] Athens, 25 Nov (TANJUG) -- Ioannis Kharalambopoulos, the Greek deputy prime minister and minister of national defense, today received Colonel General Zorko Canadi, the chief of general staff of the Yugoslav People's Army (YPA). They held a cordial conversation. Col Gen Zorko Canadi is leading a YPA delegation which is on a 4-day official visit to Greece.

In the talks with the Greek deputy prime minister, it is reported there was discussion of Greece's defense policy, its relations with NATO, the problem of Cyprus, and the current situation in the Balkans.

Col Gen Zorko Canadi, chief of general staff of the YPA, also had lengthy talks with his host, Colonel General Nikolaos Kouris, chief of the National Defense General Staff of Greece, and with Orestis Papastratis, a deputy national defense minister.

The YPA delegation, which includes Major Gneral Zivota Avramovic, the Skipje Army District commander, and Colonel Marko Markovic, chef de cabinet of the Chief of General Staff of the YPA, also visited a Greek Air Force unit near Athens, and Greek aircraft plant. According to the program the YPA delegation will also visit Thessalonika, where they will talk with General Nikolas Vorvolakis, the commander of the Third Army Corps.

FINANCE SECRETARY HOLDS ECONOMIC TALKS IN U.S.

LD251829 Belgrade TANJUG in English 1000 GMT 25 Nov 86

[Text] Washington, November 29 (TANJUG) -- A Yugoslav Finance Secretary Svetozar Rikanovic met with U.S. Secretary of the Treasury James Baker in Washington yesterday. The two sides discussed [words indistinct] of over-all economic relations between Yugoslavia and the U.S., for which a mutual interest exists.

Without expanding and achieving a balances exchange and without facilitating Yugoslavia's access to the U.S. market, as set out, the level of over-all economic relations cannot be expected to rise, as endeavored by both sides.

Joint investments, rather than financial and crdit arrangements, would be a much better and sounder way, Rikanovic and Baker assessed.

A modern and organized marketing of the Yugoslav compact car "Yugo", the exports of which are to reach 60,000 by the end of the year, shows that much can be done in the way of expanding trade. The importance of financial-banking cooperation between the two countries and introducing new forms in this area was also pointed out.

Rikanovic and Baker exchanged views also on international monetary developments and processes, focusing on the developing countries' debt and on ways of weathering the debt crisis. During the talk the two sideds, as at the recent World Bank and international monetary funds, [as received] pointed out that without more strongly stimulating the development policy in the debtor countries, the problem cannot be solved.

FEDERAL CHAMBER ADOPTS 1987 FEDERAL BUDGET

LD261139 Belgrade TANJUG Domestic Service in Serbo-Croatian 1031 GMT 26 Nov 86

[Summary] Belgrade, 26 Nov (TANJUG) -- The Federal Chamber of the SFRY Assembly today adopted the draft federal budget for next year which will amount to 1,971.6 billion dinars. This is an increase of 37.3 percent on this year but the next year's budget share in the country's social product of 6.9 percent is proportionally the same as this year's.

According to Radovan Mikic, member of the Federal Executive Council, who presented the draft budget to the delegates, 1,323.7 billion dinars, or an increase of 36.6 percent on this year, is allocated for financing the Yugoslav People's Army. This amounts to 5.2 percent of the country's national income.

Additional funds for the underdeveloped regions will amount to 149.7 billion dinars, an increase of 36.2 percent on this year, with Kosovo expected to receive an additonal sum of 15.8 billion dinars. A total of 273.4 billion dinars, an increase of 26.4 percent, is earmarked for war veterans and invalid allowances and army pensions; 125.1 billion dinars will be used to finance the work of federal bodies. This is an increase of 28.9 percent on this year. A total of 52.6 billion dinars is earmarked for servicing previous commitments; 15.7 billion for financing material reserves and another 15.5 billion dinars for financing other needs.

SERBIAN MEETING DISCUSSES POLITICAL SITUATION

LD260031 Belgrade TANJUG Domestic Service in Serbo-Croatian 1720 GMT 25 Nov 86

[Excerpts] Belgrade, 25 Nov (TANJUG) -- All organized forces in society committed to socialism are expected to take part in the efforts to emerge from the crisis. The main task facing the LC at the moment is to mobilize these forces. Sluggishness, irresponsible attitude and opportunism in the action to resolve the burning issues of the economic and political situation in both society as a whole and every locality can no longer be tolerated. No one can expect to stay on the side without any concrete task to perform.

This, according to a report, was stressed at today's joint session of the Presidency of the Socialist Republic of Serbia and the Presidium of the Serbian LC Central Committee, presided over by Ivan Stambolic, during the debate on the political and security situation in the republic.

The resolutions adopted at the LC congresses strengthened the belief among communists, working people and citizens that the situation would change for the better more rapidly and determinedly. However, negative trends in many areas of our economic and social life have continued unabated after the congress. Such a situation is a reflection of the fact that the action on the part of the LC and other subjective forces lacks the unity, efficiency and responsibility, especially as regards the efforts to resolve those problems which do not require systemic changes and are not resulting from objective circumstances and material limitations. [passage omitted]

It was stressed in the debate that, from the political-security point of view, stepping up work and technological discipline everywhere is of most importance. We are witnessing frequent fires, accidents and damages to socially-owned assets. The most frequent causes of these are bad organization, weak internal control, irresponsibility, negligence and disregard for technological regulations and norms.

Discussing the increased number of work stoppages, the participants in the session placed particular stress on the fact that work stoppages occur mostly in these organizations and localities which fail to produce results in their economic activity, where the activity of self-managing organs, the LC and trade union is inadequate and where the workers are not given adequate information about the real state of affairs. In most cases work stoppages are an expression of the workers' justified protests against bad management and the lack of momentum among management structures. In some way they also can be interpreted as calls for better work and heightened accountability.

In the discussion at the session, reference was also made to the insensitivity of various social bodies and individuals to citizens' everyday problems which provokes their justified dissatisfaction. In large towns and cities local government bodies responsible for public transport, heating, water and electricity supplies and for looking after people's other needs are malfunctioning. What has recently happened in Kreljevo (the pollution of the river Ibar and unacceptable delay in supplying Kraljevo and the surrounding areas with water from Gruza reservoir) is a serious indication of the need to conside the issue of concrete possibility for such a situation and similar ones promptly. [passage omitted]

In the coming debate on constitutional changes clear political answers must be given, in line with the LCY Central Committee's stance regarding the unity and togetherness in the SR of Serbia, to those problems which have become evident in the activity to realize the constitutional position of the SR of Serbia and of the socialist autonomous provinces within it. The slow pace at which these problems are being tackled is having a negative effect on the political stability in the republic, the report from today's session stresses.

The situation in Kosovo continues to cause great concern and dissatisfaction among members of the LC, the working people and citizens in the SR of Serbia. It is obvious that the LC organs and other leaderships in Kosovo are making efforts to consolidate the political-security situation in the province. Nonethless, there is a delay in the implementation of the conclusions and measures adopted by the SFRY Presidency and the LCY Central Committee Presidium while there is still no sign of any ideo-political differentiation among the groups of individuals in the government bodies, judiciary, local government organizations and other institutions of the political system who either directly or through their passive attitude are hindering the implementation of these meaures. There are very few cases where specific people have been called to account or dismissed from their posts for misusing their powers from nationalist motives. The ideo-political action is for most part limited to forum work. In the struggle to expose Albanian chauvinists it is necessary to develop broad-based ideo-political work which must ionvolve to a much larger degree the most prominent people of Albanian nationality. Their presence and speeches at gatherings of people would be of great moral and political importance for the stability in intranational relatiions in nationally mixed localities.

The increased incidence of violence and, in particular, of cases of rape of underaged girls of Serbian and Montenegrin nationalities as well as other forms of threatening people's lives and dignity indicate that the Albanian nationalists and separatists are attempting to stir people of the Serbian and Montenegrin nationalities into a large-scale revolt, thus provoking intranational conflicts.

The group arrivals of people of Serbian and Montenegrin nationalities in Belgrade and their calls on the federal and republican officials and bodies are a direct result of the lack of efficiency in the struggle to eliminate the causes of their dissatisfaction and of the inadequate political work on the part of the LC and other socio-political organizations and organs of socialist power and self-management. These causes must be vigorously dealt with as these visits are having a negative effect on the mood among the working people and on the political stability in the entire republic. Only in that way would it be possible to curb the practice of coming to Belgrade and provide conditons for resolving their problems and for regaining confidence in the organs of power in the province.

The dissatisfaction and apprehension among the people of Serbian and Montenegrin nationalities are fueled by those political assessments which interpret the justified complaints by these people over the manifestations of lawlessness and their visits to Belgrade as an expression of Serbian nationalism. In every specific case the LC must make efforts to protect those who are threatened. In Kosovo today these are citizens of Serbian and Montenegrin nationalities. It is therefore necessary to Serbian and Montenegrin nationalities. It is therefore necesary to make a clear distinction between people's justified dissatisfaction and difficulties and the attempts by individuals acting from the positions of Serbian nationalism to manipulate this disatisfaction and to disseminate mistrust in the entire Albanian nationality. [passage omitted]

Noting that recently there has been an upsurge in the activity of the opposition forces both in the republic and the whole of Yugoslavia, the Presidency of the SR of Serbia and the Presidium of the Serbian LC Central Committee agreed that the Serbian LC's prompt and vigorous action in exposing antisocialist, nationalist and dogmatic-bureaucratic ideas and their proponents ave received widespread support within the working class and the entire progressive public. The LC's ideological opponents, in particular nationalists and advocates of the policy of the so-called firm hand, are trying to take advantage of the real problems confronting our society in order to impose their outmoded reactionary platform which does not include the policy of national equality and the constitutional provisions of a socialist self-managing democracy. The ideas which foment intranational hatred and are directed toward destroying Yugoslavia and which are contained in the memorandum by the group of Serbian academicians, clearly indicate that even the reputation of the most significant scientific and cultural institutions of the Serbian people are not safe from being misused for political purposes. This type of political activity must be ountered by both words and deeds on the part of communists and other progressive scientists in the Serbian Academy of Sciences and Arts. [passage omitted]